

193A—13.9 (542) Consulting, advisory and other accounting services.**13.9(1) Introduction.**

a. Consulting services that licensees provide to their clients have evolved from advice on accounting-related matters to a wide range of services involving diverse technical disciplines, industry knowledge, and consulting skills. Most licensees, including those who provide audit and tax services, also provide business and management consulting services to their clients.

b. Consulting services differ fundamentally from the licensee's function of attesting to the assertions of other parties. In a consulting service, the licensee develops the findings, conclusions, and recommendations presented. The nature and scope of work are determined solely by the agreement between the licensee and the client. Generally, the work is performed only for the use and benefit of the client.

13.9(2) Definitions.

"Advisory services" means the development and presentation of findings, conclusions, and recommendations for client consideration and decision making.

"Business valuation" means the act or process of determining the value of a business enterprise or ownership interest therein.

"Consulting services" means professional services that employ the practitioner's technical skills, education, observations, experience, and knowledge of the consulting process.

13.9(3) CPAs, LPAs, and persons who are not CPAs or LPAs may perform management or financial advisory services, financial investment or planning services, business valuation, and financial consulting services in Iowa. Some advisory or consulting services require licensure by bodies other than the board, such as insurance or securities licenses issued by the division of insurance. The rules of professional ethics and conduct in this chapter and, more specifically, with respect to advisory and consulting services, this rule shall apply to CPAs and LPAs who are licensed in Iowa and to CPAs exercising a practice privilege in Iowa whenever such persons inform the client or prospective client that they are a CPA or LPA. Clients may be so informed in a number of ways, including oral or written representations, the display of a CPA certificate or LPA license, or use of the CPA or LPA title in advertising, telephone or Internet directories, letterhead, business cards, or E-mail. Clients and prospective clients who select an advisory or consulting professional holding oneself out as a CPA or LPA have the right to expect compliance with these rules. A licensee shall comply with the applicable standards for the consulting, advisory and other accounting services to be provided to the licensee's client(s), such as Statements on Standards for Valuation Services, Statements on Standards for Consulting Services, Statements on Responsibilities in Personal Financial Planning Practice, the Iowa uniform securities Act, the Iowa securities and regulated industries bureau, and the Iowa Code.

13.9(4) The consulting process requires the licensee to develop the findings, determine the conclusions, and present the recommendations. The nature and scope of work are determined by the agreement between the licensee and client.

13.9(5) Licensees shall follow these additional general standards for consulting services:

a. *Client interest.* The licensee shall serve the client interest by seeking to accomplish the objectives established by the understanding with the client while maintaining integrity and objectivity.

b. *Understanding with client.* The licensee shall establish with the client an oral or written understanding about the responsibilities of the parties and the nature, scope, and limitations of services to be performed and shall modify the understanding when circumstances require a significant change during the engagement.

c. *Communication with client.* The licensee shall inform the client of (1) conflicts of interest that may occur pursuant to interpretations of Rule 102 of the American Institute of Certified Public

Accountants Code of Professional Conduct, (2) significant reservations concerning the scope or benefits of the engagement, and (3) significant engagement findings or events.

13.9(6) Performance of consulting services for an attest client does not, in and of itself, impair independence. Licensees and their firms performing attest services for a client shall comply with applicable independence standards, rules and regulations issued by the American Institute of Certified Public Accountants, the board, and other applicable regulatory agencies.

13.9(7) Licensees providing client service involving financial planning or the recommendation or sale of financial products or services may need to be licensed by applicable federal, state or local regulatory bodies.

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